



Dennis Braddock, Secretary

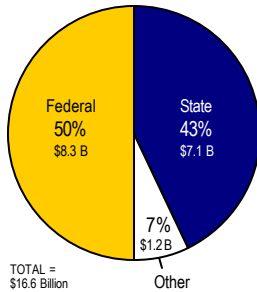
AGENCY REQUEST LEVEL

2003-05 Biennium

A Budget Request for the Department of Social and Health Services

UPDATED October 25, 2002

Total Department Request for 2003-05



The Department serves 1.3 million people a year, about one in five state residents. For these, Washington's aid is direct and tangible. But for the remaining 4.7 million residents, the state provides benefits we might not instantly recognize, like:

- Protection from those who are dangerous
- A medical and financial system all of us can rely on if we can't rely on ourselves
- Work training and job supports for businesses
- Licensing and monitoring systems for child care centers, adult family homes, and other caregivers to ensure safe, quality services
- Twenty-four hour support, 365 days a year for persons in crisis

CONTACTS

DSHS Budget
Information Line
360.902.8255

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Persons with disabilities or special needs may call the Budget Information Line at 360.902.8255 and request a hard copy.

THE DEPARTMENT OF SOCIAL AND HEALTH SERVICES is responsible for about one in four General Fund-State dollars and – all funds combined – represents about one-third of the total state budget. The agency serves one in five state residents, and – if current trends continue – will serve one in three of the state's children in 2003. By far, the strongest budget pressures in DSHS are now in programs with medical-related expenditures. This includes the agency's Medical Assistance Administration, which provides coverage for 17 percent of state residents; the Aging and Adult Services Administration, which serves over 60,000 people a year (almost half of whom also receive services from the Medical Assistance Administration); the Division of Developmental Disabilities, which has clients who are often intense users of the health care system; the Mental Health Division, which serves the mentally ill directly in state hospitals and through contracts for community-based services; the Division of Juvenile Rehabilitation, which provides medical care for youth in custody, many of whom have costly mental health needs and/or substance abuse problems; and the Division of Alcohol and Substance Abuse, which directs dollars to local communities for those in treatment. Double-digit inflation in health care has resulted in dramatic spending increases for these programs, and has also affected other programs within DSHS and other state agencies as they have scaled-back administrative and program services to offset dollars now directed to the growing cost of health care.

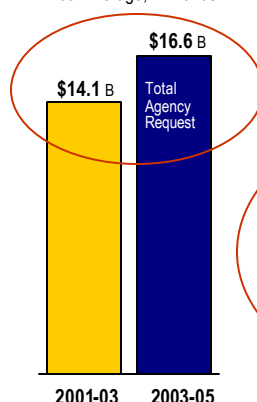
2003-05 BUDGET REQUEST

The department requests \$16.6 billion for the 2003-05 Biennium to sustain social services across the state. This is an increase in total fund spending of 9 percent annually over the current 2001-03 spending level. Nearly all of the increase is due to inflationary costs, caseload growth, and workload adjustments in programs mandated by law. The staff request is for 452.5 FTEs over the 2001-03 base of 18,068.

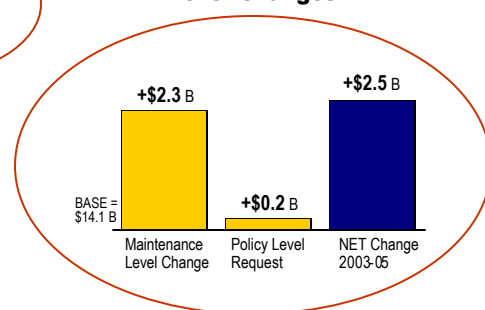
2003-05 Agency Request

Total = \$16.6 Billion • UPDATED October 25, 2002

Funding ↑ 9%
Annual Average, All Funds



Maintenance and Policy Level Changes

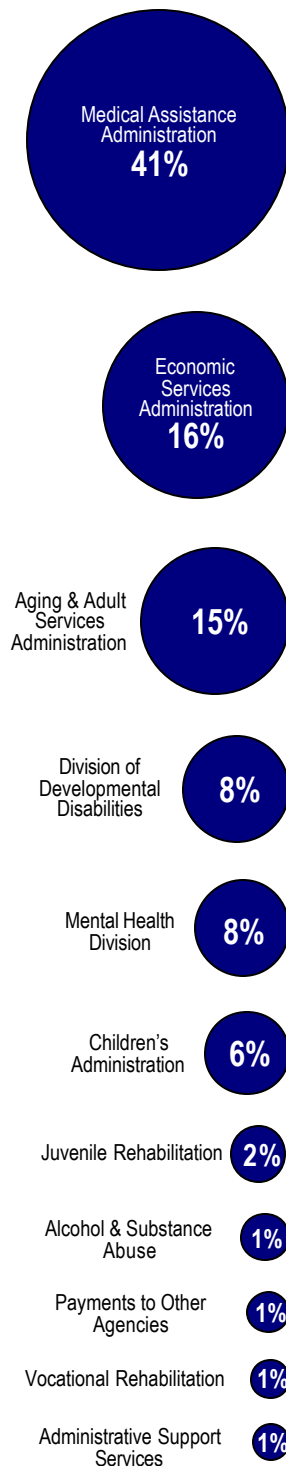


NOTE: CHARTS REFLECT DEPARTMENT TOTAL EXPENDITURE FOR SERVICES RENDERED. EXCLUDED FROM THIS FIGURE ARE UPPER PAYMENT LIMIT TRANSACTIONS THAT WERE MADE TO PUBLIC HEALTH HOSPITAL NURSING HOMES.

The DSHS Budget Universe

2001-03 Biennium Distribution

Total = \$14.1 Billion



10/25/02

AGENCYWIDE MAINTENANCE LEVEL SUMMARIES

MEDICAL INFLATION

Inflation for professional medical services and supplies purchased by DSHS exceeds the rate of increase for general inflation. This funding request covers physician services, hospital services, and drugs, among other costs. *TOTAL = \$10.5 million (\$5.4 million GF-S; \$4.8 million GF-F; \$259,000 Local)*

INTERAGENCY RATE ADJUSTMENTS

The state Department of Personnel and Consolidated Mail Services charge agencies for the services they deliver, and expect to increase their rates in 2003-05. This request is made agencywide to cover the cost of these increased charges. *TOTAL = \$3.7 million (\$2.3 million GF-S; \$1.3 million GF-F; \$8,000 HSA; \$74,000 Local)*

UTILITY RATE ADJUSTMENTS

This item funds utility rate increases for electric, natural gas, water, sewage, and other services provided to the state institutional facilities. This includes the state hospitals, residential habilitation centers for the developmentally disabled, and Juvenile Rehabilitation facilities. *TOTAL = \$2.5 million (\$1.7 million GF-S; \$750,000 GF-F; \$72,000 Local)*

ADMINISTRATIVE REDUCTIONS ACROSS DSHS

In the FY 2002 Supplemental Budget, administrative reductions were taken across DSHS and the department was given flexibility on how to distribute the reduction. This step transfers to each DSHS administration its share of reductions made in their respective support activities. *Request totals zero.*

FINANCIAL REPORTING IMPROVEMENT PROJECT

The Financial Reporting Improvement Project is a partnership with the Office of Financial Management and other state agencies to improve financial reporting capabilities. This step adjusts the costs for the project and identifies additional savings in the 2003-05 Biennium. *TOTAL = \$42,000 reduction (\$31,000 GF-S reduction; \$11,000 GF-F reduction)*

AGENCYWIDE POLICY LEVEL SUMMARIES

SELF INSURANCE PREMIUM

The agency's past experience with damages from tort lawsuits related to delivery of state services has necessitated an increase in its self-insurance premium. The agency has embarked on efforts to improve its risk management and reduce the occurrence of incidents that could lead to future lawsuits. *TOTAL = \$16.2 million (All GF-S)*

HEALTH INSURANCE PORTABILITY AND ACCOUNTABILITY ACT

The Health Insurance Portability and Accountability Act was signed into law in August of 1996. This reform covers health care fraud, medical liability reform, and administrative simplifications. To date, three of an anticipated nine rules from the Act have been finalized by the United States Department of Health and Human Services (DHHS). These three rules require that health care organizations standardize electronic transactions, develop privacy rules related to disclosure of client health information, and update security measures to protect that same information. *TOTAL = \$20.9 million (\$6.2 million GF-S; \$14.7 million GF-F)*

LEASE REQUIREMENTS

DSHS has a number of necessary facility moves and expansions that not covered in the agency's current budget. This proposal covers lease cost increases for the Children's Administration, Economic Services Administration, and the Aging and Adult Services Administration. *TOTAL = \$2.9 million (\$2.0 million GF-S; \$890,000 GF-F)*